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SUBJECT: ISRAELI AMBASSADOR ASKS U.S. SUPPORT ON EU
RELATIONS UPGRADE; SAYS LIEBERMAN AND NETANYAHU TO VISIT

REF: TEL AVIV 280

Classified By: Ambassador William E. Kennard, for reasons 1.4 (b) and (d)

¶1. (C/NF) Summary: During a courtesy call with the Ambassador on February 8, Israeli Ambassador to the EU (and to NATO) Ran Curiel described Israel's frustration with the freezing of an upgrade in Israel-EU relations since the end of the Gaza incursion in 2009. Curiel said Israel was instead pursuing enhanced bilateral relations with EU member states. On peace efforts, Curiel said Israel did not want the EU or the international community broadly to dictate terms of a negotiation and argued that if borders and the status of Jerusalem is set in advance it gives Israel no flexibility to negotiate on refugees and security, which he called its top issues. Curiel said a resolution of the Iran problem would help peace efforts, and said it will take western leadership to press for sanctions. Ambassador emphasized the importance of re-starting negotiations and described Senator Mitchell's efforts to garner support to ensure a functioning Palestinian government. He also described U.S. efforts to encourage the European Parliament to uphold the interim U.S.-EU Terrorist Finance Tracking Program (TFTP) agreement. End Summary

¶2. (C/NF) Curiel, who represents Israel to both the EU and NATO, described to the Ambassador the importance of Israel's ties to the EU, and the difficulties Israel has faced particularly since the Gaza incursion at the end of 2008. He said that Israelis had for many years been wary of close ties to the EU, suspicious of conferences that might "dictate" a settlement with the Palestinians. Curiel said that earlier in his career, as the MFA's Director for European Affairs, he had personally lobbied then-Prime Minister Ariel Sharon to pursue stronger EU ties. Sharon had agreed and the consensus for years--until the Gaza incursion--was that the relationship was good for Israel. With an upgrade in the EU-Israel relationship frozen for over a year, Curiel said Israel was focusing instead on enhancing bilateral relations with individual members states, pointing to PM Netanyahu's recent visits to Berlin and Warsaw. While at first somewhat dismissive of the importance of the EU-Israel upgrade, Curiel later in the conversation talked about the importance of the process in the context of peace efforts, and asked the U.S. to urge the EU to move forward.

¶3. (C/NF) Curiel said he had seen reports that the U.S. is ready to sponsor "proximity" talks between Israel and the Palestinians, and said he hoped these talks would be only a first step in negotiations. In his view, proximity talks would be a "step backward" from past practice, and he hoped the parties would move quickly to direct talks. He said that during his trips across Europe, Netanyahu had told his counterparts not to let the Palestinians feel they can achieve more outside the negotiating room than inside. Curiel pointed to the December 2009 Foreign Affairs Council (FAC) formal Conclusions, which referred to Jerusalem as a

capital for two states. Israelis, he said don't want to feel that the international community can dictate the outcome of negotiations, even if everyone knows what will likely happen.

Israel needs flexibility among the elements of a package, he argued. If some elements--such as the concept of 1967 borders with agreed swaps or Jerusalem divided to be the capital of both states--are dictated in advance, this leaves Israel's most important issues--refugees and security--to be decided without giving Israel much leverage. In order for Israel to get what it needs on refugees and security, then borders and Jerusalem must still be on the table.

¶4. (C/NF) The Ambassador said the President saw Middle East peace as a top priority and felt it important to engage from the start of his administration. We are all disappointed that more has not yet happened, but we are not giving up. Praising President Obama's efforts, Curiel said that "the only new added value" in the past year in Middle East efforts is President Obama. Unfortunately, he said, there is a skepticism in Israel about whether an agreement can be reached. There is "doubt of our own abilities and of the capacity on the Palestinian side" to reach agreement. When Ambassador asked about domestic Israeli politics, Curiel said that resolving the problem of settlements would be "huge," noting that even if swaps were made on borders and Jerusalem divided on demographic lines, there might be 70,000-100,000 settlers who would have to be relocated. This would be "a huge challenge" which could be met only with the prospect of real peace. Ambassador agreed, but said that it would only become harder the longer we wait. He told Curiel that Senator Mitchell is working hard to get things going and to press for resources to help build the capacity of the

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Palestinians to govern. Curiel acknowledged that Europe is "key" in terms of providing resources.

¶5. (C/NF) Curiel said his second major issue as ambassador was Iran. He described some of the debates over Iran at the recent Herzliya Security Conference in Israel (Reftel) including over the implications of a nuclear Iran for Israel.

He said that during his recent visit to NATO, Israel's Chief of Staff had outlined the three options: (a) engagement, which so far had led to mixed statements from Iran; (b) sanctions, which must be effective; and (c) the option nobody wants to get to. Curiel said it is clear Iran's nuclear clock is moving at a pace that does not match the political clock. There must be western leadership to decide when it is time to move forward on sanctions. For Israel, dealing with Iran was directly related to the ability to make peace.

¶6. (C/NF) Curiel said his third issue was simply the bilateral EU-Israel relationship, which had stalled since the decision at the beginning of 2009 to freeze the planned upgrade in relations. He criticized the linkage between progress on peace efforts and restarting upgrade talks, saying it was "asymmetrical." He said that he hoped resumption of peace negotiations would also open things up in Brussels. He asked if the U.S. could urge the Europeans to move forward on the upgrade, and not link it to peace efforts. He repeated that Israel had strong ties with most EU member states, but that the consensus process meant a few members could block any action.

¶7. (C/NF) Finally, Curiel raised the issue of working with the European Parliament. Asking the ambassador about our ongoing efforts to get the European Parliament to endorse the Terrorist Finance Tracking Program (TFTP) agreement, Curiel said that an Israel-EU technical agreement was also being held up as the Parliament sought to flex its muscles vis a vis the Commission. He said he had been lobbying members on draft resolutions on Iran (there are several being considered), asking that any resolution at least reflect P5 1 efforts, and warning that a soft resolution could ease pressure on Iran.

¶8. (C/NF) Curiel said that Foreign Minister Lieberman would visit Brussels February 21-22 for an Association Council meeting. (Note: This is the annual meeting of ministers from both sides as provided for under the Association Agreement. End Note) Because the visit coincides with the February meeting of the Foreign Affairs Council (FAC--the monthly meeting of all EU Foreign Ministers), it would give Lieberman the opportunity to meet bilaterally with several EU foreign ministers, in addition to EU High Representative Catherine Ashton and Parliament leaders. Curiel said that Prime Minister Netanyahu was tentatively planning to visit Brussels March 25-27 to speak at the Brussels Forum sponsored by the German Marshall Fund, and at that time to hold both EU and NATO meetings. (Curiel noted that the Netanyahu visit would be shaped by plans for a potential Washington visit.)

Kennard

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